

**SPECIAL MEETING  
BOARD OF MAYOR AND ALDERMEN**

**March 30, 2004**

**6:00 PM**

Mayor Baines called the meeting to order.

Mayor Baines called for the Pledge of Allegiance, this function being led by Alderman Smith.

A moment of silent prayer was observed.

The Clerk called the roll. There were thirteen Aldermen present.

Present: Aldermen Roy, Gatsas, Guinta, Sysyn, Osborne, Porter, O’Neil,  
Lopez, Shea, DeVries, Garrity, Smith, Forest

Absent: Alderman Thibault

Mayor Baines stated before beginning tonight, I want to thank all of those who have had a hand in preparing the documents you’re going to be receiving shortly. Preparation of the annual budget is a time-consuming task that requires the dedicated attention of a number of City officials in each department – particularly, each office’s business service officer and administrative service managers. And a disproportionate amount of numbers crunching falls on the shoulders of our Finance Department. I want to thank Kevin and Randy for all of their efforts on behalf of our office and the taxpayers’, and I also want to thank my budget assistant Seth Wall, Bob MacKenzie, Ginny Lamberton, Sam Maranto, Mike Colby, and everyone who has contributed to this effort. Obviously, the department heads and assistant department heads devote considerable attention to this effort each year. They are diligent and they try to advocate on behalf of their department.

Mayor Baines presented his budget message as follows:

As we head into Fiscal Year 2005 there are many factors that must be taken into account as we begin the process of presenting a responsible budget. As a nation we are still faced with a very fragile economy that is showing signs of a slow recovery. On the State level we are faced with the uncertainty of yet another school funding proposal that may take State aid for education away from our schools. Factors such as that are forcing cities and towns around the state to seriously consider cuts in services and layoffs of workers.

I am pleased to report that Manchester is not one of those communities. Through smart planning and investment in our great city, we have been able to rise above local and national trends. By working to increase our job base and our tax base we are poised to be a strong economic engine in northern New England. This is why *Inc. Magazine* recently ranked Manchester one of the top 10 small cities in America for doing business. And, that is why Manchester was one of only a handful of communities in America to see its bond rating improve over the last year – the highest bond rating in the history of our City. The Board of Mayor and Aldermen have worked to develop thoughtful and prudent business policies that have resulted in a strong balance sheet. These policies such as the tax stabilization and one-time revenue funds will help to keep the City on a course towards financial security in the future.

In this regard, I will be forwarding to the Board of Mayor and Aldermen for its consideration additional policies covering the use of the “fiscal year conversion” surplus will begin to realize next year – so that the City’s motor vehicles and computers can be properly repaired, maintained and replaced on a yearly basis. In anticipation of next fiscal year’s solution to the City’s Motorized Equipment Replacement (MER) dilemma, the City’s internal auditor will be releasing an update of the DMG-Maximus Fleet Management Audit. I urge you all to read it carefully. Among the recommendations, which I will support vigorously, will be proposing a cost saving measure to centralize the fleet, and fleet management operations. More on that at another time.

In addition, I have approved the Police Department’s request to acquire nine new cruisers in FY2004, this year’s budget, by transferring money from one account to another and to provide relief on our requirements for 2005. We will be replacing cruisers that have logged over 100,000 miles each.

I present to the Board of Mayor and Alderman a budget that maintains current city services. The budget that I present to you tonight is a \$252.8 million budget for FY2005. \$113.1 million has been allocated for city services, \$138.5 million has been allocated to the School District, and \$1.1 million has been allocated to the Manchester Transit Authority. The FY2005 budget is approximately 5.1 percent net larger than the FY2004 budget passed by the Board of Mayor and Aldermen. That percent backs out the debt service being reimbursed the sending towns and the baseball stadium, and also accounts for double counting of charge backs.

It is a budget that restrains the growth of spending. As has been the case with every budget that I have prepared, and this is my fifth, what I present tonight is a proposal that sets its sights on our dream of the safest, cleanest, best-educated city possible while grappling with the reality of the fiscal limitations we as taxpayers face.

This budget proposes expenditures that have been made now in order to position the City to benefit from the better times that are inevitably ahead.

Everyone must keep in mind that this proposal does not set the tax rate. Let me repeat that. This proposal tonight does not set the tax rate. The tax rate will not be set until approximately seven months from now, in the fall, by the Department of Revenue Administration, when we have more accurate information on revenues, funding, grants, the tax base, and other information that generally drives the estimated cost that we project now downward. Again, we do not set the tax rate this evening. I put as much stock in calculations on an estimate of a tax rate as I do on the number of angels who can dance on the head of a pin. We can all make predictions, as I will do in few moments, but we must be clear that these numbers will change before we set the tax rate in the fall.

Is this a percent document? Hardly. As I note each time I present a budget, I welcome the input of the Aldermen, the members of the School Board, and that of the public. Each year, as this process moves closer to conclusion, I learn about long-promised but often-neglected project here or there or initiative that makes sense and needs to be provided for – or, I am also informed of a previously overlooked method of savings that will benefit the taxpayers. To the greatest extent possible, these suggestions will be included if they do not upset the precarious balance achieved by adequately funding services while watching out for the interests of the taxpayer.

I have already begun reading in the newspaper percentages and tax rates that certain Aldermen want to see. I challenge each Alderman sitting here this evening to come up with specific responsible proposals to reduce spending in this budget. Specific responsible proposals. We have outlined this budget so Alderman can track every City program. I welcome specific ideas on how to cut this budget, but calls for vague across the board cuts do nothing for this process and could, in fact, curtail vital services. If someone says the increase should be 3 percent or 4 percent or 1 percent or zero percent, the next question should be what do you propose to cut. What do you propose as a cost saving measure.

Department heads were asked to present two budgets for FY2005. One budget reflected a 5 percent cut in their FY2004 budget and the other reflected a 10 percent increase over their current budgets. This process was intended to inspire creativity, while taking into account a worst case scenario. By using this exercise I was able to produce a budget that level funds most departments and provides for modest increases where needed. Overall city spending will increase at approximately 5.1 percent net.

Costs associated with health care consume a significant percent of the total operating budget. Mrs. Lamberton was in conversations all day with health providers and that issue will evolve over the next several months. My proposed FY2005 budget provides for a 10 percent increase in health benefit costs over FY2004 actual projections. That is one area where there

has been relatively good news on both the City and School sides. We are running at actual expenditures about the same expenditures we had the past fiscal year. More on that as the project progresses. The insurance dilemma is an untenable situation that we took steps to address in the last round of negotiations for contract renewals. In order to offer city services at the highest possible level, we need to provide our employees with salary and benefit packages that are respectful of their skills as professionals and their dignity as human beings. But they, too, have recognized the need to make concessions in difficult economic times such as this. I am grateful that they have demonstrated a willingness to do this.

Our obligation to provide the highest level of public safety in these uncertain times requires us to provide adequate funding to our first responders in the Police, Fire, and Health Departments. It is these departments that will see some of the largest increases in their budgets, including full funding of the new Cohas Brook Fire Station and funding to renovate the South Main Street Fire Station on the West Side – the oldest Fire House in Manchester. I have also included funding for a new computer system for the Police and Fire Departments. This new system will integrate dispatch and records management systems and allow both departments to coordinate and communicate more effectively with each other and the State in times of emergency and terror. This is the right thing to do at the right time.

Sadly, our current situation is not just the result of forces beyond our control, such as health care costs, and the price of protection from terror, it is also the result of the unwillingness of some elected officials and an often-entrenched bureaucracy to give serious consideration to departmental and programmatic consolidations. Consolidation is the strongest weapon in our arsenal in the war against ever-increasing costs, and public servants of every persuasion have deployed it with precision in places outside of Manchester. It is estimated that the consolidation of Highway, Traffic, and Parks into a Department of Public Works would have increased efficiency and save hundred of thousands of dollars.

And, if consolidation in the area of public works alone was combined with an enhanced recycling program I have proposed numerous times, an average savings of approximately \$1.57 million could be realized. These savings would reduce the average homeowner's annual property tax assessment by about \$45. That \$45 is significant because that amount is less than the cost of materials that average homeowners in towns with sticker-based recycling programs spend on recycling and rubbish disposal in a year.

Consolidation makes sense for another reason. It would clear up lots of unnecessary confusion about who provides city services on what days, at what times, and in what trucks, and at whose request. I'll repeat this story because it's worth repeating. At the intersection of Concord and Pine Streets, you know the corner. The Library is on one side, across from Victory Park and the Hartnett Parking Lot. When it snows, the Library contracts a private company to plow its lot, while Parks and Recreation plows the paths in Victory Park, which abuts a public sidewalk plowed by Highway, across the street from a parking facility plowed

by the Traffic Department. This simply does not make sense. However, inaction on government restructuring allows this inefficiency to continue.

I have read about the success of various consolidation plans taking place all across the country as communities struggle to cut budgets and to streamline their operations.

So, again, I ask the question. Why not here? Why not here in Manchester? I will leave it to others in this room to answer that question. Collectively, we must demonstrate the political will to change the way our government is structured.

And, now, on to the schools...

The bottom line allocation for the schools of \$138.5 million is a \$7.4 million increase over last year's approved budget, minus the increased debt service for the school construction project. I am the first one to admit that they should, in a perfect world, get substantially more to increase opportunities for all students. However, as I noted earlier, a budget strives to maintain a delicate balance between aspirations and reality. The schools must be partners as we work together through these difficult times. I commend Dr. Ludwell and his team for forging a cooperative relationship between the Board of School Committee and the Board of Mayor and Aldermen. I also commend him for the sound fiscal management policies that erased the deficit and restored trust to the School District.

While the School District did not receive the allocation that was requested, this budget will continue the steady progress we have made over the past several years to provide a quality education for all of our students. Should we do more? Yes! However, a responsible budget must respect the ability of the taxpayers to pay.

Having said that, we know by now that bringing every child along is expensive. In addition, we need to remind ourselves that what it costs to educate our kids today is returned to us ten fold in the future. As much as I hate to appeal for funding education by arguing that one can pay now or pay later, it is beyond question that kids who are the products of successful schools are much more likely to become productive, contributing citizens. Those who are products of less successful educational environments are more likely to lay claim to your tax dollars in the future.

In order to further strengthen the School District's financial position the establishment of several trusts and capital reserve funds have been recommended. I endorse this approach and the City Solicitor's Office is currently drafting the proper resolutions to establish such funds. These funds have been recommended by both the City's and the School District's external auditors. I will be forwarding these proposals shortly to the Board of Mayor and Aldermen for thoughtful consideration as part of the budget process.

Every budget, even those prepared in the toughest of economic times, must account for the areas that make life worthwhile and schools certainly do that.

So, too, do the parks, the playgrounds, and the libraries. As always, the portion of the budget devoted to the Community Improvement Program includes support for investment in recreation areas. We will continue work on our urban parks and green spaces that have served as backyards to generations of Manchester's youth who might not have backyards of their own. By maintaining our parks, we honor the men they were named for and the people who consider them heroes. I name specifically the Raco Theodore Pool this year and we want to begin the improvements to Piscataquog Park, Precourt Park, Brown Mitchell Park, Stark Park, and Derryfield Park.

The CIP budget will also fund the Rail Trail initiative that will link south Manchester with the West Side along the Piscataquog River with walking and biking trails. As you know, a key piece to this project will be constructing the Hands Across the Merrimack Bridge, and that is why my budget provides major funding to help this project move forward. This budget will also fund the completion of the athletic complex project at Memorial High School that has already been advanced through the CIP project.

The CIP budget will fund substantial improvements at the Manchester City Library and provide an additional \$25,000 in funds too increase the number of books in its collection. Is that enough? No! But it's a step in the right direction.

We owe it to the welfare of this community to put a substantial investment into one of our historic structures and preserve the memory of the Carpenter family. These needed improvements will create a year round facility that everyone in Manchester will enjoy.

Those who doubt the importance or impact of the CIP projects, need only to take a look at the ongoing \$110 million school improvement project that is showing results across our City and the new the new Senior Center, where we visited this morning, to see the positive impact created by last year's CIP expenditures. Some of these expenditures, such as those designated for American Disabilities Act improvements, literally open new worlds to some of our citizens. Whenever we cut a curb for wheelchair access, people in wheelchairs to go places they may never have been able to go before.

That portion of the CIP budget devoted to assisting non-profit organizations has never been more important to this City's overall quality of life than it is today in the midst of these tough economic times. Some might suggest that grants to non-profit agencies should be the first thing to go in an era of limited financial resources; however, to shut off a vital source of assistance to organizations that do the work government is unable to do on its own would be the very definition of penny wise and pound foolish. Without organizations like Families in Transition, the Teen Health Clinic, and New Horizons, and many more, the City would be

responsible for fully funding a social service infrastructure to do the job currently addressed and done so well by these organizations.

The expenditures made annually in the CIP budget are a statement of this City's determination to even a decidedly slanted playing field for many of our most vulnerable citizens. By funding organizations that help those most in need, we keep faith with a long Manchester tradition of giving even in the toughest of economic times.

With the closing of Jac Pac this year we saw first hand the value of funding health related and other organizations. Organizations such as Child Health Services, the Manchester Community Resource Center, and Southern New Hampshire Services rallied together to provide a valuable support network and a safety net to the families of the displaced workers. I can only imagine the chaos that would have resulted had our Welfare Department been the only place for these families to turn.

I am happy to report that every non-profit organization that received CIP funding in 2004 will again receive funding under my proposals for 2005. In order to accomplish this we level funded the requests for each organization. By doing so, we were able to add City Year to our list of supported organizations, thus bringing this outstanding initiative to our community. The uncomfortable part of this process, however, is that we are unable to fund all of the requests made of us. We received \$2 million more in requests for FY2005, a 50 percent increase over what we funded in 2004. We must understand that these organizations are under stress in these very difficult times to provide vital services and we must respect the work that they do and fund these initiatives.

The CIP budget also provides funding for many projects that I believe are necessary to the economic vitality of Manchester. With the Federal government cutting over \$30,000 from Community Development Block Grants (CDBG) combined with a loss of \$100,000 in program income generated from CDBG, we are faced with some tough choices. That is why this budget restores the Economic Development Director position. If we are to ensure that Manchester continues to grow its economy, we must have an integrated Economic Development Department that will work hand in hand with our Planning Department and our business community.

As our City continues to grow, it is vitally important that we continue to provide good jobs and affordable housing to our citizens.

This budget includes funding for more senior housing, more workforce housing, and more job training. This budget provides for a two-year bond budget rather than the traditional one-year budget. This should allow the City to plan better and to complete projects more quickly and on time. We will see the completion of a renovated Gill Stadium next week delivered on time, with the ground breaking on the City's new baseball stadium taking place soon.

I have also included increased funding for the Planning and Assessing Departments in this budget. By adding two new positions to the Assessor's Office, we will be able to bring the revaluation process in house, saving tens of thousands of dollars and helping Manchester keep up with the State's revaluation mandate. These positions will help the City to recapture the value of property in a timely manner, ensuring tax equity while helping to spur economic development with accurate data. Many communities now reevaluate the properties on a yearly basis.

The Planning Department receives funding in this budget to begin a comprehensive community master plan, which we've heard an awful lot about lately, and funding for a Special Projects Planner to help the City catch up on a number of projects. With all of the development taking place in Manchester, it is time to start planning to take advantage of new and exciting opportunities for our great city.

In part, due to the continued growth of the Manchester Airport, and the success of destinations like the Verizon Wireless Arena, it is important that we continue to think toward the future. My budget continues funding of the Convention and Visitor's Bureau (CVB). We just witnessed the ongoing potential of a CVB this past weekend with the NCAA tournament bringing in thousands of first time visitors. Many more could follow. All tolled pumping over \$2 million into the Manchester's economy. We must not be short sighted when it comes to promoting our City for future events and we must remain competitive with our sister communities. Providence, Portland, and Worcester all have active CVBs, and let me tell you, they are all vying for the same events that we are trying to attract. We can only begin to measure the return on the investment of a CVB by the number of hotel rooms filled and the number of airplane tickets sold. The true return comes in the form of increased revenues to our restaurants, our cultural institutions, and our sports teams.

As I noted last year, tonight's presentation does not mark the end of the process. It may only be the end of the beginning. Under the Charter, I have until tomorrow to submit my final proposal. We may do some tinkering until then and then we will move very quickly to schedule working sessions at which suggestions will be incorporated into a final document. It is my hope that we can get this done as quickly as possible.

I also encourage the Finance Committee to schedule meetings before April 15<sup>th</sup>, and I'll be talking to Alderman O'Neil and Alderman Shea about scheduling that meeting to act directly as quickly as possible on the School District budget. I do not want to put the School District in a "pink slip" situation in a time when finding and keeping good teachers is a challenge. This challenge will increase over time as the baby boomers face retirement. We do not need to reign havoc on our teachers and their families while we are in the middle of our greatest school improvement project in the history of Manchester. We can do better than that.



I thank you for listening, and now let's work in a cooperative manner over the next several weeks as we create a final budget that reflects the great potential of this great City of Manchester, and also the Clerk's office you have some information that will be distributed now and you'll have your final booklets that will be distributed by the City Clerk's office on Friday.

Mayor Baines stated now I'd like to move to the Power Point presentation. This presentation will allow me to show in a very visual manner challenges we faced in preparing this budget. We start with the fact that all contracts in the City have expired and we have yet to give any direction to the City Negotiator on these contracts. We also face the fact that in the final budget adopted by the Aldermen last year, we did not fund the retirement contributions, the increases. The FY2004 one-time revenues were used to help reduce the tax rate putting money from the sale of Pearl Street, Hanover Street and the Canal Street garage. We are also faced now with full funding for a new fire station. That's an approximately over \$400,000 item that we did not have last year. As I said earlier, CDBG funding was cut approximately 5 percent to \$130,000. The cost of the debt service increased approximately \$2 million. The irony of that is, that the Finance Office had originally prepared a debt service payment that would not have pushed as much of that early payment into these early years. But that was the decision of the Board and that was a necessary compromise to get to get the ten votes necessary. The adequacy grant is uncertain as we know and the fragile economy that we all worry about on a daily basis. This budget is based on actual complement, seasonal positions, plus approved positions for FY2005. It sets aside some money for retirements and COLAs. It includes two additional assessing positions; it fills a Finance vacancy, and creates a department head/coordinator position in MEDO. It doesn't create it, it just funds it. This is how the allocations break down overall. City allocation \$113.2 million, school allocation \$138.5 million, and the Manchester Transit Authority allocation \$1.06 million. It presents a 5.1 percent increase over FY2004 combined with City, school and Manchester Transit Authority, that's net. Overall City spending net spending 4.2 percent. School spending net is 5.8 percent. Manchester Transit Authority spending 24.9 percent; that's a \$200,000 item that actually funds a step saver program, and as you know local funding is matched by Federal funding that translates into \$400,000. The step saver program increases accessibility to handicapped people in our community to be transported throughout our community and that needs our support. Our obligation was to maintain the highest level of public safety in these uncertain times and requires us to provide adequate funding to our first responders in Police, Fire, and Health Department. As I said earlier, full funding of the Cohas Fire Station and just a reminder that the grand opening, it's already open, we will have a ceremony there on April 10<sup>th</sup> at 10:00AM followed by the rededication of Gill Stadium that day. So that's going to be a busy day for City officials. That's a proud accomplishment and I want to commend everyone that worked to make that a reality, especially former Alderman Real Pinard.

Mayor Baines continued now if we really want to make a difference, again, I put before you, they are not included in my numbers because I know they have been resisted. But we could look at responsible recycling again. As I said earlier, that would be \$1.5 million for a partial year, consolidation of Highway, Parks and Traffic, and then we're also going to be as I said later on at some point in time during the budget discussion or going forward, talk about fleet management and what we can do to consolidate all of the different entities now that maintain fleets independently and in the long term, we need to look at the replacement of the Public Works facility, which is antiquated, that does not meet even our present day needs let alone the needs of the City going forward in the future. And I've asked Mr. Thomas and his staff to begin looking at what the possibilities would be and the potential for relocating that facility and eventually building a new facility, which then would allow us to consolidate and manage fleets in the City. I've also asked Mr. Thomas to begin looking at one man refuse trucks that have been implemented in such communities as Nashua, where they have provided those toters free of charge to every citizen in the City of Nashua and the truck backs up to it, hooks on to it, and dumps it into the dumpster. I think there are potential savings, it doesn't mean that people lose jobs, you can deal with that through attrition, but it's time for us to look at some creative ways for refuse collection. If we implemented some of those reductions just with recycling and basic consolidation, that number at the beginning of this process could come down there and then we could work from there to get it lower as we normally do through the process. Again, this outlines the school allocation. School spending increased net 5.8 percent over last year's budget and \$7.4 million increase net over FY2004 budget, again, projecting no teacher layoffs. That concludes my budget presentation and in accordance with the City Charter this budget will be presented to the first meeting of the Finance Committee. Thank you very much for listening and I look forward to working with all of you to provide a responsible budget to the citizens of Manchester.

Mayor Baines addressed Item 5 of the agenda:

Resolutions:

“Authorizing Bonds, Notes or Lease Purchases in the amount of Four Million Four Hundred Thousand Dollars (\$4,400,000) for the 2004 CIP 511404, Clem Lemire Sports Complex – Memorial High School Project.”

“Authorizing Bonds in the amount of Thirty Million Dollars (\$30,000,000) for Refunding Certain Outstanding Bonds of the City.”

“Authorizing Municipal Revenue Bonds in the amount of Ninety Million Dollars (\$90,000,000) for Refunding Certain Outstanding Municipal Revenue Bonds of the City.”

On motion of Alderman O'Neil, duly seconded by Alderman Sysyn, it was voted that the Bond Resolutions be read by title only, and it was so done.

Alderman Osborne moved that the Bond Resolutions pass and be enrolled. Alderman Sysyn duly seconded the motion.

Mayor Baines stated I'd like Mr. Clougherty to talk a little bit about that and then we'll go to the Aldermen for some discussion about these resolutions.

Kevin Clougherty, Finance Officer, stated as the Board knows the credit markets are sometimes volatile and that's the appearance that we're having over the last couple of days. I know Randy had provided you with a list of savings as of last week or a couple of weeks ago. The market has gone away from us at this point in time, although we expect that over the next few weeks that it's going to come back and we had hoped that the Resolutions would pass so that we would be in a position to move into the market when it becomes available.

Alderman DeVries stated actually I was motioning to you because I wanted to be recorded that we should move forward with these projects this evening. As everybody knows we are on a very tight deadline with the Clem Lemire field. We're looking for an August 15<sup>th</sup>, which is why we are expediting this project this evening and I have no additional questions on the refinancing at this time.

Alderman Gatsas stated the cost savings that you've shown in these revenue projections, Kevin, from going to the market, are those incorporated in the Mayor's budget at this time?

Mr. Clougherty answered no they are not Alderman, because again of the volatility. What we are trying to show is the potential savings and as the market ebbs and flows those numbers could increase or decrease.

Alderman Gatsas asked so if we are in the budget process and you do go to market, then that \$215,000 worth of savings if it is stilled up, that's what it was when it was presented by Randy to us, those are funds that we could allocate going forward?

Mr. Clougherty answered right. Once refunding is complete, those are real dollars and you can consider them as part of the budget.

Alderman Gatsas stated we started having conversation last year about GARVEE bonds with the possibility of doing a complete fleet overhaul, those discussions seem to have gotten off track. If we do these refunding, is there any way that we could use those funds that we're saving to pay the debt service so that we can do more than just the nine cruisers that the Mayor was talking about, because it would be a 20 year situation on some \$215,000 a year?

Mr. Clougherty answered what you would be doing Alderman with refunding is reducing the overall debt service, so you may want to appropriate and cover it that way. But with respect to the GARVEEs; the GARVEEs, generally what that refers to is a bond that's backed by Federal grants. So if you have a regular predictable stream of Federal dollars for highway construction or highway activities, then you can use that to leverage some debt and that's I think what the Alderman was talking about. The problem with that has been the

predictability of the Federal and State dollars and also some question as to authorization. At the State level we may have to get some legislation for that.

Mayor Baines stated and the other aspect we really don't recommend that we bond for Police cruisers anyway.

Mr. Clougherty stated that's right Mayor, but it becomes a question of capacity. If you have savings in the debt service line as a result of refundings, you may want to use some of those some place else to do it with CIP cash. I think that's what Alderman Gatsas is saying.

Mayor Baines stated I think he was talking about bonding.

Alderman Gatsas stated I was talking about bonding, doing a five-year bond and getting the total fleet overhaul from where we are.

Mr. Clougherty stated again Alderman...

Alderman Gatsas stated we can discuss that during the budget.

Mayor Baines called for a vote on the motion. There being none opposed, the motion carried.

This being a special meeting of the Board, no further business was presented, and on motion of Alderman Smith, duly seconded by Alderman Garrity, it was voted to adjourn.

A True Record. Attest.

City Clerk